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Panax controversy heats up; News Council denounces McGoff

By Celeste Huenergard and Jane Levere

The memo read: "this could be an explosive story . . . (SIC). Run front page if possible. Mail tear sheet to John McGoff."

It was dated June 6 and accompanied two stories written by Panax New York Bureau Chief George Bernard. It was the first time Panax editors had been asked to send tear sheets directly to McGoff, president of Panax. The articles insinuated that President Carter condoned promiscuity among his staff members and was grooming his wife for the Vice Presidency in 1984.

Two Panax editors called the stories un-newsworthy and refused to run them in their original form. Robert H. Skuggen, editor of the *Marquette* (Mich.) *Mining Journal*, and David A. Rood, editor of the *Escanaba* (Mich.) *Daily Press*, took their grievances to the corporate headquarters in Lansing, Mich.

Two alternatives

According to Rood, he was given two alternatives: "Run whatever J. P. McGoff wanted, whenever, wherever without editing, or resign."

"I insisted that there was a third alternative," Rood told *E & P*, "they could fire me." Ralph Kaziateck, Panax group vicepresident for Northern Michigan and Chicago, did just that June 20.

When Rood went into the office the next day to clean out his desk, an AP story carried a statement by Panax executive vicepresident Frank Shepherd, saying that Rood had resigned. Rood put his things back in his desk and waited for written notice of his dismissal.

It came the next day.

Skuggen was told his resignation had been accepted June 19. He had rewritten one of the stories "drastically" and run it on the editorial page. Instead of concentrating on Carter's "acceptance of staff promiscuity," he merely referred to Carter as "non-judgemental about the private affairs of his staffers."

"I cut out all the baloney about it being an exclusive story to the Panax Corporation," Skuggen said. "The stories (Bernard's) were poorly written . . . and they were being presented as news stories when they were opinion stories. There were no facts to back up the opinions."

Betty Lou Kitzman, city editor of the *Mining Journal*, resigned June 17 after 15 years as "reporter and 9 years as city editor on the paper. "This was an independently, locally owned newspaper (until 1966 when Panax bought it)," she said. "It hasn't been the same since Panax took over."

Three *Mining Journal* reporters also resigned the same day. They felt the local paper was not covering the incident and that their credibility as reporters was suffering as a result.

The entire *Mining Journal* editorial staff had submitted a "staff opinion piece," a regular feature introduced by Skuggen, for the editorial page. The staff members thought that by writing an editorial supporting Skuggen's move, they could re-establish their credibility with their readers.

When they submitted the piece to the paper's general manager Gene Chambers, he encouraged them to write one declaring that they had never been hassled by company policy.

"Here he's telling us to say management has never told us what to do and he's telling us what we can write," Peter Brown, one of the reporters who resigned, told *E & P*.

"Our credibility had eroded to such a point in the community that it was extremely difficult for us to operate as local reporters," Brian Tucker another reporter who resigned, said.

Sources indicate that neither the *Mining Journal* or *Daily Press* has given the incident the same amount of coverage that local radio stations and national media have. Stories have appeared in metropolitan dailies throughout the country and CBS sent a film crew to Escanaba July 9 for a story.

Form Citizen's committee

AP carried a wire story last week on a Escanaba town meeting which appointed a Committee For Responsible Journalism and condemned Panax's policies. "We were told not to run that story," Tucker reported. "When Kitzman resigned after 20 some years on the paper, Chambers told us not to put anything in the paper about that either." Before her resignation, Kitzman had included a brief paragraph on Skuggen's motives

"philosophical differences," for resigning. It was deleted.

"It's a real odd thing," Brown said. "As much as has been written about the situation in the national press, most people around here don't know what's happened. They're a lot of people who think Skuggen just left."

Charles Follo, retired assistant director of the University of Michigan extension service, is trying to get the word to the people. Two weeks ago he and 50 other citizens of Escanaba formed the Committee For Responsible Journalism. They now have more than 30 people canvassing the area, urging readers to cancel their subscriptions. They also have begun circulating a petition backing Morris Udall's current bill.

As an alternative to the *Daily Press*, Follo's group hopes to encourage a nearby weekly publisher to extend coverage to their area and another publisher to begin a shopper.

"We have no quarrel with the local paper," Follo said. "Our quarrel is with Panax. John McGoff called me up and said, 'Charlie Follo I'm gonna sue you.' I told him that he wasn't scaring me a bit."

Another town meeting scheduled for this week in Marquette was cancelled, supposedly after McGoff had a talk with a local chamber of commerce official who was organizing it.

McGoff memo

There were other Panax papers that did not run the Bernard stories and whose editors are still behind their desks. But John McGoff's June 27th memo could encourage these editors to run them in the future.

It read: "In order to priority handling the codes will appear as follows:

(1) 'MG'—This means McGoff, or (must go). There should be no question of the need to run such material, but should any question arise upon receipt of "MG" classification column items, please contact Jerry Schiappa at corporate for a discussion of the matter.

(2) 'SP'—Means 'space permitting.' This code reflects the desire of the publisher for some attention to the subject matter and a request that each editor consider running material when and as space permits.

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more regular tape. Bernard stated, adding that Panax had made it available to the print and electronic media. Solicited columnist Patrick Buchanan and ABC News Radio have expressed an in-